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Poland

Fresh Deciduous Fruit

Apples and Apple Concentrated Juice - Annual 2005

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Report Highlights:

EU accession has opened new markets for Polish apple producers, but Russia remains the major export market accounting for almost one half of total exports. Estimated lower apple production in MY 2005/2006 will result in lower production of concentrated apple juice (CAJ).

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
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Executive Summary

The area under apple orchards represent 71.4 percent of all fruit orchards in Poland, while the production of apples – 85.6 percent of all fruit tree harvest.

CY2004 apple production reached 2.44 million tons, the largest harvest since 2001. As a result of cold, wet weather during the blooming period, the CY2005 crop is estimated to be 6 percent lower than last year. CAJ production is also estimated to be slightly lower.

MY 2004/2005 apple exports jumped nearby 40 percent from a year earlier, due in large part to increased exports to other EU countries, while imports decreased by 42 percent due to an increase in local production. CAJ is mostly exported, and the export volume has remained constant for several years. In MY2004/2005, some quantities of CAJ of a lower acidity were imported into Poland and used for production of apple juice.

Total consumption of fruit and processed fruit products increased in CY2004 by 2 percent to 55 kg per person (54.4 kg in CY2003). Apple consumption is fluctuating from year to year. Its share in all fruit consumption was 44.5 percent in CY2004 (5 percent down from CY2003).

Poland does not directly import any U.S. apples, but does import some via other EU countries. It exports small quantities of CAJ to the United States.

Production

Apples

According to Government of Poland (GoP) official data, CY 2004 apple production increased by 4 percent and reached 2.44 million tons, the largest harvest since 2001. The average price that farmers received for industrial and fresh consumption apples in MY 2004/2005 was PLN 0.85 (US\$ 0.27) per kilogram, slightly lower than in MY 2003/2004. Fresh consumption apples, like Jonagold and Champion, were much less expensive, while Idared were higher priced, as is usual in the springtime.

The MY 2004/2005 winter did not damage orchards, although frost in April, as well as, low temperatures and rains during the blooming period were not favorable for all fruits, including apples. Based on the preliminary forecast, it is estimated that the crop in CY 2005 will be 6 percent lower than in CY 2004.

Apple prices are expected to increase. Processor demand has been higher than stocks since 2003, and fresh consumption demand in Europe for Polish apples is increasing. Polish apple quality has improved over several years, while prices remained much lower than prices for other EU apples.

The main varieties in Poland are Cortland, Champion, Idared and Lobo. The average Polish orchard is less than 5 hectares.

Concentrated Apple Juice

The total production of semi-final and final fruit products in MY 2004/2005 reached almost 2 million tons, compared with 1.8 million tons in the previous season. The processing of all fruits, but apples increased. The production of concentrated apple juice (CAJ) was down by 1.8 percent in MY 2004/2005. There were 1.4 million tons of apples processed. The share of

CAJ in total processed fruit dropped slightly from 13 percent in MY 2003/2004 to 12 percent in MY 2004/2005.

EU accession did not influence considerably the production of concentrated fruit juices, as the majority of Polish CAJ is exported, primarily to Germany (over 70 percent in CY2004).

Since apple production in MY2005/2006 is estimated to be lower than in the previous year, the production of CAJ is estimated to drop by 3 to 5 percent.

Consumption

In first four months of 2005, the average prices of fruit and fruit products increased by only 0.5 percent compared with the similar period of 2004, while the average prices for food products generally increased by 5.4 percent. Apple prices fell 1.3 percent. It is estimated though, that in the second half of 2005 the average increase of fruit prices will be higher than in the second half of 2004, due to a lower crop and more expensive imports.

Generally speaking, the retail prices of fruit and processed fruit products in Poland are much lower than in the other European countries, but Polish prices are catching up. In the first quarter of 2005, the price of Polish apples was 44 percent of the price of German apples, compared with 24 percent in the similar period of 2004.

According to the Main Statistical Office, total consumption of fruit and processed fruit products increased by 2 percent in CY2004 to 55 kg per person. Apple consumption is fluctuating from year to year. Its share in all fruit consumption was 44.5 percent in CY2004 (5 percent down from CY2003). It is expected that the consumption of fruit and fruit products will drop in MY 2005/2006, due to lower production and higher prices.

Trade

Fresh Apples:

Exports of fresh apples increased by nearly 40 percent in MY2004/2005 compared with the previous year, due to increased production, higher export prices (from EUR 0.18 per kilogram to EUR 0.20 per kilogram), and duty-free access to other EU Member States. Exports of fresh apples to the EU-15 increased from 12,000 to 30,000 tons. Russia remains the major apple export market with 47 percent share of total apple exports.

Imports of fresh apples depends on the local crop. In MY2004/2005 local production was higher, so imported fresh apples fell 15 percent in value from the year before (from EUR 4.7 million to EUR 4 million - US\$5.8 to 4.9 million).

Poland does not directly import any U.S. apples, but does import some via other EU countries.

Concentrated Apple Juice:

Virtually all Polish CAJ production is exported. In MY2004/2005 the volume of exported CAJ was higher by about 1 percent, but value decreased from EUR 179.7 million to EUR 175 million, due to lower export prices compared with MY2003/2004.

Imports of CAJ increased in MY2004/2005 from 6,033 to about 10,000 tons. This CAJ of a low acidity level is imported mainly from Turkey, Croatia and Romania, mixed with locally

made high acidity CAJ and exported, mainly to the EU. In spite of lower import prices, the value of imported CAJ increased from EUR 6 million in 2003 to EUR 10 million in 2004.

Estimated lower apple crop will likely result in lower CAJ production in MY 2005/2006. However, specialists forecast that the value of exported CAJ could increase due to the higher projected export prices. Higher prices would be a result of lower supply of CAJ in Poland and the EU, as well as lower stocks in world markets at the end of MY2004/2005. Apparently, the supply of Chinese CAJ to European markets will not increase dramatically.

The imports of CAJ could be again higher than in MY2004/2005.

Poland does not import U.S. CAJ, but started to directly export small quantities of CAJ to the United States two years ago.

Policy

Since Poland joined the EU in May 1, 2004, Polish apple producers, like other EU farmers, can apply for per hectare subsidies, export subsidies, overproduction subsidies, preferential credit from local banks (part of the interest rate is paid by the GoP's Agency for the Restructuring and Modernization of Agriculture), and EU co-financing funds for producer investments.

In April 2004, the EU law governing organization of the fruit and vegetable market was adopted in Poland. This law adapts Polish law to EU regulations. As a result, officially recognized producer groups will have the right to intervene in the market when there is overproduction and withdraw apples from the market (not more than 8.5 percent of the previous year's quantity) and donate them to charity organizations. In such cases, the groups will receive financial compensation, which covers the value of donated apples - Euro 88 per ton, packing and sorting costs - Euro 132 per ton, and transportation costs - amount per kilometre depends on the distance. To encourage farmers to create producer groups, the government promises to cover the expense of registration and administrative costs for the first five years. Also, producer groups can apply for preferential investment credits at 0.25 percent interest rate.

Marketing

Most imports are handled by private companies. Large processors such as Agros or Hortex focus primarily on export sales. Most of the distribution of fruit in the Polish market is done through farmers' markets or commodity exchanges. There is still a deficit of modern storage facilities for apples in Poland. It is estimated that only 50,000-60,000 tons of apples are stored in modern storage facilities. Only large apple producers can afford the cost of such facilities.

The financial potential of an average processor in Poland is much lower than in the old EU-15. However, a group of processing industry leaders was created whose production scale and productivity are comparable to that of leading European producers. Their share in Polish production of most processed fruit products is much lower than the average in the EU, however, in terms of production of juices and drinks, jams and confitures, it is over 50 percent. Sector leaders, as well as other smaller producers, reportedly comply with EU food safety and hygiene requirements.

Tariffs

Import duties changed upon Poland's EU accession May 1, 2004. EU external rates can be found online under: http://europa.eu.int/comm/taxation_customs/dds/cgi-bin/tarchap?Taric=0808108010&Download=0&Periodic=0&ProdLine=80&Lang=EN&SimDate=20050830&Country=US/0400&YesNo=1&Indent=3&Action=1#OK.

Effective September 1, 2005, EU Member States are authorized to reduce the inspection of U.S. apples to a minimum 15 percent from the current level of 100 percent. Each Member State has the authority to decide what frequency between 15 percent and 100 percent to apply and when to implement this change. Poland does not intend to reduce its level of testing, since it imports so few U.S. apples.

All EU-25 Member States have duty free access to each other's apple market.

Poland's situation after the EU accession

Accession eliminated import barriers for Polish apple exports to other EU countries but did not significantly affect the level and structure of Polish foreign trade in horticultural products. It did, however, lead to an increase in apple exports in MY 2004/2005. The trend of increased exports to other EU countries is expected to continue.

Tables

Apples – PSD

Country	Poland					
Commodity	Apples, Fresh					
	(HA)(1000 TREES)(MT)					
	2003	Revised	2004	Estimate	2005	Forecast
	USDA Official	Estimate	USDA Official	Estimate	USDA Official	Estimate
Market Year Begin	07/2003	07/2003	07/2004	07/2004	07/2005	MM/YYYY
Area Planted	159300	159300	260000	175200	0	180000 (HA)
Area Harvested	100000	145000	100000	150000	0	155000 (HA)
Bearing Trees	78000	96336	78000	100834	0	105000 (1000 TRE)
Non-Bearing Trees	20000	25000	20000	25000	0	25000 (1000 TRE)
Total Trees	98000	121336	98000	125834	0	130000 (1000 TRE)
Commercial Production	2282000	2282000	2260000	2300000	0	2170000 (MT)
Non-Comm. Production	145800	145800	140000	140000	0	130000 (MT)
TOTAL Production	2427800	2427800	2400000	2440000	0	2300000 (MT)
TOTAL Imports	14000	14000	18000	8000	0	6000 (MT)
TOTAL SUPPLY	2441800	2441800	2418000	2448000	0	2306000 (MT)
Domestic Fresh Consump	515100	517000	500000	517000	0	506000 (MT)
Exports, Fresh Only	340000	389900	310000	531000	0	450000 (MT)
For Processing	1586700	1534900	1608000	1400000	0	1350000 (MT)
Withdrawal From Market	0	0	0	0	0	0 (MT)
TOTAL UTILIZATION	2441800	2441800	2418000	2448000	0	2306000 (MT)

Apples - Exports

Export Trade Matrix

Country Poland

Commodity Apples, Fresh

Time Period	Jan-Dec	Units:	000 MT
Exports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
Russia	141	Russia	203
Belarus	38	Belarus	31
Moldova	25	Lithuania	30
Lithuania	24	Slovakia	22
Romania	21	Romania	22
Slovakia	17	Latvia	21
Latvia	15	Czech Rep.	21
Estonia	11	Germany	17
Germany	11	Estonia	14
Bulgaria	11	Bulgaria	10
Total for Others	314		391
Others not Listed	39		37
Grand Total	353		428

Apples – Imports

Import Trade Matrix

Country Poland

Commodity Apples, Fresh

Time Period	Jan-Dec	Units:	000 MT
Imports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
Lithuania	5	Netherlands	3
Argentina	3	Argentina	1
Austria	2	Belgium	1
Netherlands	2	Czech Rep.	1
Chile	1	Chile	1
Total for Others	13		7
Others not Listed	1		0
Grand Total	14		7

Concentrated Apple Juice – PSD

PSD Table

Country	Poland						
Commodity	Apple Juice, Concentrated (MT)						
	2003	Revised	2004	Estimate	2005	Forecast	UOM
	USDA Official [Estimate[1]	A Official [Estimate[1]	A Official [Estimate[New]	
Market Year Begin	07/2003		07/2004		07/2005		MM/YYYY
Deliv. To Processors	1586700	1534900	1608000	1400000	0	1350000	(MT)
Beginning Stocks	3000	4000	3000	4011	3000	3000	(MT)
Production	220000	230000	225000	225806	0	217700	(MT)
Imports	2500	6033	2500	10000	0	11300	(MT)
TOTAL SUPPLY	225500	240033	230500	239817	3000	232000	(MT)
Exports	201500	226022	206000	227817	0	220000	(MT)
Domestic Consumption	21000	10000	21500	9000	0	9000	(MT)
Ending Stocks	3000	4011	3000	3000	0	3000	(MT)
TOTAL DISTRIBUTION	225500	240033	230500	239817	0	232000	(MT)

Concentrated Apple Juice – Exports

Export Trade Matrix

Country Poland

Commodity Apple Juice, Concentrated

Time Period	Jan-Dec	Units:	000 MT
Exports for:	2003		2004
U.S.	5	U.S.	2
Others		Others	
Germany	180	Germany	165
Austria	20	UK	14
Denmark	9	Austria	14
Netherlands	4	Denmark	6
UK	3	Netherlands	5
Czech Rep.	3	Czech Rep.	4
Norway	2	Norway	3
Sweden	1	Italy	2
Belgium	1	Sweden	2
France	1	Finland	1
Total for Others	224		216
Others not Listed	3		8
Grand Total	232		226

Concentrated Apple Juice – Imports

Import Trade Matrix

Country Poland

Commodity Apple Juice, Concentrated

Time Period	Jan-Dec	Units:	000 MT
Imports for:	2003		2004
U.S.	0	U.S.	0
Others		Others	
China	1	Romania	4
Ukraine	1	Croatia	3
		Germany	2
		Hungary	1
		Moldova	1
Total for Others	2		11
Others not Listed			3
Grand Total	2		14

Previous reports:

Fresh Deciduous Fruit – Apples and Concentrated Apple Juice 2003 – PL3030
 Fresh Deciduous Fruit – Apples and Concentrated Apple Juice 2004 – PL4030